
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): **May 19, 2017**

Union Bankshares Corporation

(Exact name of registrant as specified in its charter)

Virginia
(State or Other Jurisdiction of
Incorporation)

0-20293
(Commission File Number)

54-1598552
(IRS Employer Identification
Number)

1051 East Cary Street, Suite 1200
Richmond, Virginia
(Address of principal executive offices)

23219
(Zip Code)

Registrant's telephone number, including area code: **(804) 633-5031**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrants under any of the following provisions ~~see~~ General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01. Other Events.

On May 22, 2017, Union Bankshares Corporation (“Union”) and Xenith Bankshares, Inc. (“Xenith”) issued a joint press release announcing the execution of an Agreement and Plan of Reorganization, dated as of May 19, 2017, pursuant to which, subject to the terms and conditions set forth therein, Xenith will merge with and into Union, with Union as the surviving corporation in the merger. A copy of the joint press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein. In addition, Union and Xenith intend to conduct a joint conference call and webcast beginning at 10:00 a.m., Eastern Daylight Time, on May 22, 2017. A copy of the investor presentation that will be made available in connection with such conference call and webcast is attached hereto as Exhibit 99.2 and incorporated by reference herein.

Forward-Looking Statements

Certain statements in this Form 8-K and the documents incorporated herein by reference may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include projections, predictions, expectations, or beliefs about future events or results or otherwise are not statements of historical fact, are based on certain assumptions as of the time they are made, and are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Such statements are often characterized by the use of qualified words (and their derivatives) such as “expect,” “believe,” “estimate,” “plan,” “project,” “anticipate,” “intend,” “will,” “may,” “view,” “opportunity,” “potential,” or words of similar meaning or other statements concerning opinions or judgment of Union or Xenith or their management about future events. Such statements include statements as to the anticipated benefits of the merger, including future financial and operating results, cost savings and enhanced revenues as well as other statements regarding the merger. Although each of Union and Xenith believes that its expectations with respect to forward-looking statements are based upon reasonable assumptions within the bounds of its existing knowledge of its business and operations, there can be no assurance that actual results, performance, or achievements of Union or Xenith will not differ materially from any projected future results, performance, or achievements expressed or implied by such forward-looking statements. Actual future results and trends may differ materially from historical results or those anticipated depending on a variety of factors, including but not limited to: (1) the businesses of Union and Xenith may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (2) expected revenue synergies and cost savings from the merger may not be fully realized or realized within the expected time frame; (3) revenues following the merger may be lower than expected; (4) customer and employee relationships and business operations may be disrupted by the merger; (5) the ability to obtain required regulatory and shareholder approvals, and the ability to complete the merger on the expected timeframe may be more difficult, time-consuming or costly than expected; (6) changes in interest rates, general economic conditions, tax rates, legislative/regulatory changes, monetary and fiscal policies of the U.S. government, including policies of the U.S. Treasury and the Board of Governors of the Federal Reserve System; the quality and composition of the loan and securities portfolios; demand for loan products; deposit flows; competition; demand for financial services in the companies’ respective market areas; their implementation of new technologies; their ability to develop and maintain secure and reliable electronic systems; and accounting principles, policies, and guidelines, and (7) other risk factors detailed from time to time in filings made by Union or Xenith with the Securities and Exchange Commission (the “SEC”). Forward-looking statements speak only as of the date they are made and Union and Xenith undertake no obligation to update or clarify these forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information and Where to Find It

In connection with the proposed merger, Union will file with the SEC a registration statement on Form S-4 to register the shares of Union common stock to be issued to the shareholders of Xenith. The registration statement will include a joint proxy statement of Union and Xenith and a prospectus of Union. A definitive joint proxy statement/prospectus will be sent to the shareholders of Union and Xenith seeking their approval of the merger and related matters. This release does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. **Before making any voting or investment decision, investors and shareholders of Union and Xenith are urged to read carefully the entire registration statement and joint proxy statement/prospectus when they become available, including any amendments thereto, because they will contain important information about the proposed transaction.** Free copies of these documents may be obtained as described below.

Investors and shareholders of both companies are urged to read the registration statement on Form S-4 and the joint proxy statement/prospectus included within the registration statement and any other relevant documents to be filed with the SEC in connection with the proposed merger because they will contain important information about Union, Xenith and the proposed transaction. Investors and shareholders of both companies are urged to review carefully and consider all public filings by Union and Xenith with the SEC, including but not limited to their Annual Reports on Form 10-K, their proxy statements, their Quarterly Reports on Form 10-Q, and their Current Reports on Form 8-K. Investors and shareholders may obtain free copies of these documents through the website maintained by the SEC at www.sec.gov. Free copies of the joint proxy statement/prospectus and other documents filed with the SEC also may be obtained by directing a request by telephone or mail to Union Bankshares Corporation, 1051 East Cary Street, Suite 1200, Richmond, Virginia 23219, Attention: Investor Relations (telephone: (804) 633-5031), or Xenith Bankshares, Inc., 901 E. Cary Street Richmond, Virginia, 23219, Attention: Thomas W. Osgood (telephone: (804) 433-2200), or by accessing Union's website at www.bankatunion.com under "Investor Relations" or Xenith's website at www.xenithbank.com under "Investor Relations" under "About Us." The information on Union's and Xenith's websites is not, and shall not be deemed to be, a part of this release or incorporated into other filings either company makes with the SEC.

Union and Xenith and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Union and/or Xenith in connection with the merger. Information about the directors and executive officers of Union is set forth in the proxy statement for Union's 2017 annual meeting of shareholders filed with the SEC on March 21, 2017. Information about the directors and executive officers of Xenith is set forth in Xenith's Annual Report on Form 10-K, as amended, filed with the SEC on May 1, 2017. Additional information regarding the interests of these participants and other persons who may be deemed participants in the merger may be obtained by reading the joint proxy statement/prospectus regarding the merger when it becomes available. Free copies of these documents may be obtained as described above.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Joint press release of Union Bankshares Corporation and Xenith Bankshares, Inc., dated May 22, 2017.
99.2	Investor Presentation, dated May 22, 2017.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 22, 2017

UNION BANKSHARES CORPORATION

By: /s/ Robert M. Gorman
Robert M. Gorman
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

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99.1	Joint press release of Union Bankshares Corporation and Xenith Bankshares, Inc., dated May 22, 2017.
99.2	Investor Presentation, dated May 22, 2017.



Union Bankshares Corporation Announces Agreement to Acquire Xenith Bankshares, Inc.

Richmond, Va., May 22, 2017 – Union Bankshares Corporation (NASDAQ: UBSH, or “Union”) and Xenith Bankshares, Inc. (NASDAQ: XBKS, or “Xenith”) jointly announced today that they have entered into a definitive merger agreement for Union to acquire Xenith in an all-stock transaction. Combining the two organizations will create the preeminent community banking franchise in Virginia and expand Union’s retail footprint into North Carolina and Maryland.

Based on financial data as of March 31, 2017, the combined company would have total assets of \$11.9 billion, total deposits of \$9.2 billion and gross loans of \$8.9 billion. This transaction strengthens Union’s presence in Virginia’s second most populous market, Hampton Roads / Virginia Beach, and adds to its Richmond and Northern Virginia footprints. After systems integration, on a pro forma basis, Union will have the fourth largest branch network in Virginia and will remain the only community bank with a statewide footprint across the Commonwealth.

“We are excited about the opportunity to bring our companies together to enhance our product and customer service capabilities,” said Raymond D. Smoot, Jr., Chairman of Union Bankshares Corporation’s Board of Directors. “We believe that our two companies are stronger together and the combination gives Union a unique franchise to create long term shareholder value.”

“We expect that our combined statewide footprint will bring additional convenience to our customers and position us as a strong competitor against large regional institutions and smaller community banks alike – making us the preeminent community bank in Virginia,” said John C. Asbury, President and Chief Executive Officer of Union. “The combination with Xenith delivers on our stated priorities for this year as well as our acquisition goals enabling Union to efficiently cross the \$10 billion asset threshold. Xenith brings extensive commercial and industrial lending expertise as they were built as a C&I platform focusing on Richmond and Northern Virginia and subsequently added an extensive branch network through the combination with the Bank of Hampton Roads. Deepening our presence in Hampton Roads and adding to our Richmond and Northern Virginia network were priorities for Union and we’re also able to gain retail entry points in North Carolina and Maryland. With a more diverse loan portfolio, lower loan to deposit ratio and efficiencies gained, I believe the combined franchise will be able to generate sustainable top-tier financial performance for our shareholders.”

“This transaction delivers on Xenith’s original vision to be an integral part of creating the preeminent commercial bank headquartered in the Commonwealth of Virginia” said T. Gaylon Layfield, III, Chief Executive Officer for Xenith. “With a statewide presence, strong pro forma capital ratios, enhanced retail delivery system and focused commercial banking capabilities, the combined company will be positioned to deliver value to our customers. Both banks are committed to attracting the best talent available and building a culture that encourages and enables that talent to better serve our customers and to be effective in setting the combined company apart from the competition. I look forward to working with our new teammates to deliver on this exciting vision.”

Following the closing of the merger Asbury will continue as President and CEO of the combined organization, and Layfield will serve for a transitional period as Executive Vice Chairman of Union Bank & Trust working to ensure a successful integration and enhancing the commercial banking strategy. Following the closing of the merger, the Union Board of Directors will expand to 20 members, and will be composed of 18 members from the current Union Board and two members from the Xenith Board. Smoot will continue to serve as Chairman of the Board of combined company.

Under the terms of the merger agreement, each outstanding share of Xenith common stock will be converted into the right to receive 0.9354 shares of Union common stock. This implies a deal value per share of \$29.67 per share of Xenith common stock or approximately \$701.2 million in the aggregate based on Union's closing stock price of \$31.72 on May 19, 2017. Shareholders owning more than 4.9% of Xenith common stock will, after the closing of the merger, be subject to a restriction on the sale of their Union shares for 60 days.

In consideration of the merger, extensive due diligence was performed by both companies over a six-week period. The merger agreement has been approved by the board of directors of each company. The companies expect to complete the transaction in early January 2018, subject to the satisfaction of customary closing conditions, including regulatory and shareholder approvals.

Keefe, Bruyette and Woods, Inc. is acting as the financial advisor to Union and Troutman Sanders LLP is acting as its legal advisor in the transaction. Sandler O'Neill + Partners, L.P. is acting as financial advisor to Xenith and Hunton & Williams LLP is acting as its legal advisor in the transaction.

Investor Presentation and Conference Call

An investor presentation has been created for this announcement. It can be located at Union's investor website <http://investors.bankatunion.com> – news and events – other documents and on Xenith's investor website www.xenithbank.com – About Us – Investor Relations – Sec Filings. Union and Xenith will host a conference call to discuss today's announcement, including the investor presentation, at 10:00 a.m. Eastern Daylight Time today, May 22, 2017.

The webcast with investor presentation can be accessed at: <https://engage.vevent.com/rt/unionbankandtrust-052217> and the audio is available at 877-668-4908 conference ID 25620737. A replay of the conference call will be posted on Union's investor website <http://investors.bankatunion.com>.

Media Availability

Senior leadership of Union will be available to members of the news media from 11:00 a.m. to 11:30 a.m. Eastern Daylight Time today, May 22, 2017, at Union's headquarters at Three James Center, 1051 East Cary Street, Suite 1200, in Richmond, Virginia.

About Union Bankshares Corporation

Headquartered in Richmond, Virginia, Union Bankshares Corporation is the holding company for Union Bank & Trust, which has 113 banking offices and approximately 184 ATMs located throughout Virginia. Non-bank affiliates of the holding company include: Union Mortgage Group, Inc., which provides a full line of mortgage products, Old Dominion Capital Management, Inc., which provides investment advisory services, and Union Insurance Group, LLC, which offers various lines of insurance products.

Additional information on the Company is available at <http://investors.bankatunion.com>.

About Xenith Bankshares, Inc.

Xenith Bankshares, Inc. is the holding company for Xenith Bank, a full-service commercial bank headquartered in Richmond, Virginia. Xenith Bank specifically targets the banking needs of middle market and small businesses, local real estate developers and investors, and retail banking clients. XBKS also offers marine finance floorplan and end-user products through its Shore Premier Finance division. Xenith Bank's regional area of operations spans from greater Baltimore, Maryland to Raleigh and eastern North Carolina, complementing its significant presence in Greater Washington, D.C., Greater Richmond, Virginia, Greater Hampton Roads, Virginia and on the Eastern Shore of Maryland and Virginia. Xenith Bank has 40 full-service branches and two loan production offices located across these areas with its headquarters centrally located in Richmond.

Additional information about Xenith and its subsidiaries can be found at www.xenithbank.com.

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Contacts:

Bill Cimino (804) 448-0937, VP and Director of Corporate Communications of Union.

Thomas W. Osgood (804) 433-2209, Executive Vice President and Chief Financial Officer of Xenith.

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XENITH
BANKSHARES

Merger Investor Presentation

May 22, 2017

Forward Looking Statements

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2017 Priorities for Union

Diversification

- Loan portfolio
- Revenue streams

Core Funding

- Pace loan growth with deposit growth
- Target 95% loan-to-deposit ratio over time

Efficiency

- Drive efficiency ratio to <60%
- More revenue + lower cost structure

\$10 billion Asset Crossing

- Finalize preparations in 2017

"We would love to continue to increase density in Virginia, particularly in some of the larger markets where we have a presence, but are not as dense as we would like to be. A good example would be the Greater Hampton Roads, second most populous area of Virginia."

- John C. Asbury, President & CEO, Q4 '16 Earnings Call



Transaction Highlights

Strategically Compelling

- ✓ Solidifies position as Virginia's preeminent community bank with ~\$12 billion in pro forma assets
- ✓ Provides breadth and depth across Virginia, including significant expansion in the attractive Hampton Roads market
- ✓ Leverages Xenith's C&I expertise throughout the combined footprint

Builds Upon Strengths

- ✓ Attractive commercial lending expertise
- ✓ Strong core deposit base
- ✓ Compatible cultures with similar strategies and community focus

Financially Attractive

- ✓ Efficiently crosses \$10 billion in assets with positive operating leverage
- ✓ Immediately accretive to EPS in 2018
- ✓ Immediately accretive to tangible book value with no earnback period
- ✓ Transaction metrics remain attractive under a lower federal corporate tax rate

Low Risk

- ✓ Comprehensive due diligence and integration planning process
- ✓ Strong understanding of markets and credit culture
- ✓ Readiness to cross \$10 billion in assets



Overview of Xenith Bankshares, Inc.

FINANCIAL HIGHLIGHTS

Headquarters	Richmond, VA
Year Established	1987
Branches	42
CEO (Age)	T. Gaylon Layfield III (65)
Total Assets	\$3,199
Total Loans	2,357
Deposits	2,620
Loans / Deposits	90.0 %
ROAA	0.70 %
Net Interest Margin	3.45
Efficiency Ratio	67.8
NPAs / Assets	1.82 %
Reserves / NPLs	34.4
Reserves / Loans	0.78
Tang. Com. Equity / Tang. Assets	13.89 %
Leverage Ratio	11.17
CET1 Ratio	12.76
Tier 1 Capital Ratio	12.86
Total Capital Ratio	13.85
C&D / Total Bank Capital	77 %
CRE / Total Bank Capital	250



Key Franchise Facts

- Headquartered in Richmond, Virginia with 42 branches across Virginia, Maryland, North Carolina and the greater Washington, D.C. area
- 5th largest bank by assets headquartered in Virginia
- In July 2016 legacy Hampton Roads Bankshares closed the acquisition of \$1.1 billion legacy Xenith Bankshares. The combined entity assumed the Xenith name with many legacy Xenith executive management maintaining their leadership roles

UNION

Dollars in millions
Source: SNL Financial
Data as of or for the three months ended 3/31/17

XENITH
BANKSHARES

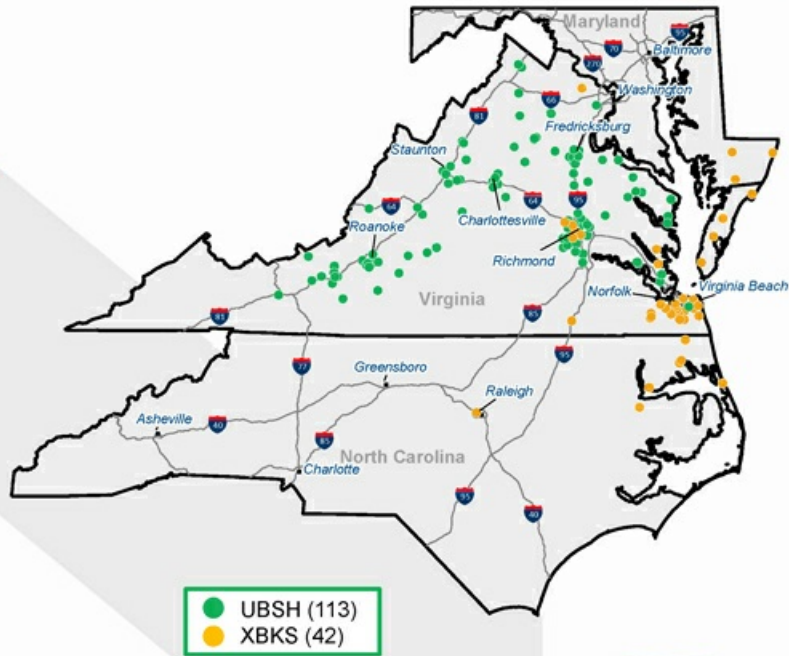
Our Combined Company

Pro Forma Highlights⁽¹⁾

Assets	\$11.9B
Loans	\$8.9B
Deposits	\$9.2B
Branches	155

- ✓ #1 pro forma Regional Bank deposit market share ranking in Virginia ⁽²⁾
- ✓ Accelerates growth in attractive Hampton Roads market
- ✓ Expands Union's retail footprint into North Carolina and Maryland
- ✓ Leverages Xenith's C&I expertise throughout Union's markets
- ✓ Increased scale – serving a larger, diversified client base
- ✓ Added convenience and wider product and service offerings for customers

Pro Forma Branch Footprint



Note: Financial data as of 3/31/2017
 Dollars in billions
 (1) Excludes purchase accounting adjustments
 (2) Regional bank defined as having less than \$50 billion in assets



Enhanced Presence in Key Markets

Virginia

Rank	Institution	Deposits (\$mm)	Market Share	Branches
1	Wells Fargo & Co.	\$38,613	20.32 %	284
2	Bank of America Corp.	26,154	13.76	130
3	BB&T Corp.	22,631	11.91	344
4	SunTrust Banks Inc.	19,015	10.01	193
5	Capital One Financial Corp.	14,812	7.79	59
	Pro Forma	8,105	4.26	143
6	United Bankshares Inc.	7,090	3.73	73
7	Union Bankshares Corp.	6,102	3.21	113
8	TowneBank	5,704	3.00	32
9	Carter Bank & Trust	3,948	2.08	88
10	PNC Financial Services Group Inc.	3,479	1.83	96
13	Xenith Bankshares Inc.	2,003	1.05	30

Virginia Beach-Norfolk-Newport News, VA-NC MSA

Rank	Institution	Deposits (\$mm)	Market Share	Branches
1	TowneBank	\$5,133	21.51 %	26
2	Wells Fargo & Co.	4,713	19.75	52
3	SunTrust Banks Inc.	3,887	16.29	36
4	BB&T Corp.	3,120	13.07	47
5	Bank of America Corp.	2,855	11.96	32
	Pro Forma	1,080	4.52	26
6	Xenith Bankshares Inc.	922	3.86	21
7	Old Point Financial Corp.	729	3.06	20
8	Southern BancShares (N.C.) Inc.	459	1.92	11
9	PNC Financial Services Group Inc.	389	1.63	11
10	Chesapeake Financial Shares Inc.	331	1.39	8
14	Union Bankshares Corp.	157	0.66	6

Richmond, VA MSA

Rank	Institution	Deposits (\$mm)	Market Share	Branches
1	Bank of America Corp.	\$12,320	35.60 %	23
2	Wells Fargo & Co.	6,754	19.52	62
3	SunTrust Banks Inc.	4,434	12.81	39
4	BB&T Corp.	3,200	9.25	40
	Pro Forma	2,602	7.23	36
5	Union Bankshares Corp.	1,827	5.28	32
6	C&F Financial Corp.	776	2.24	17
7	TowneBank	735	2.12	9
8	Xenith Bankshares Inc.	675	1.95	4
9	South State Corp.	542	1.57	8
10	Community Bankers Trust Corp.	519	1.50	10



Source: SNL Financial
Deposit data as of 6/30/16; pro forma for announced transactions



Builds Presence in Key Markets

Market	Market		Demographics					Deposits ⁽¹⁾				
	UBSH	XBKS	2017 Population	'17-'22 Population Growth (%)	2022 Proj. Household Income (\$)	Gross Domestic Product ⁽²⁾ (\$bn)	Number of Businesses	UBSH	XBKS	Pro Forma	Market Share (%)	
								Deposits (\$mm)	Deposits (\$mm)	Deposits (\$mm)		
Shared	Washington, D.C.	✓	✓	6,203,724	5.5%	\$95,629	\$491.0	219,675	\$1,166.5	\$174.8	\$1,341.3	0.7%
	Virginia Beach, VA	✓	✓	1,743,468	3.5	63,930	95.7	58,790	157.4	922.2	1,079.6	4.5
	Richmond, VA	✓	✓	1,285,883	4.6	67,686	74.1	46,613	1,827.3	674.5	2,501.8	7.2
XBKS	Raleigh, NC		✓	1,305,052	8.2%	\$70,453	\$75.6	45,485	-	\$67.9	\$67.9	0.3%
	Salisbury, MD		✓	402,439	5.2	63,679	16.1	17,569	-	127.1	127.1	1.8
	Elizabeth City, NC		✓	63,536	1.3	51,437	NA	2,523	-	248.3	248.3	30.6
	Kill Devil Hills, NC		✓	40,288	4.4	61,158	NA	3,648	-	54.1	54.1	4.8
UBSH	Roanoke, VA	✓		316,013	2.7%	\$55,967	\$14.5	13,288	\$378.4	-	\$378.4	5.2%
	Lynchburg, VA	✓		262,137	3.4	53,020	9.3	9,151	180.3	-	180.3	3.8
	Charlottesville, VA	✓		233,423	4.7	67,126	12.2	10,643	446.7	-	446.7	9.9
	Blacksburg, VA	✓		183,199	2.9	48,740	6.7	6,059	614.5	-	614.5	20.6
	Winchester, VA	✓		135,021	3.8	58,405	5.9	5,416	91.8	-	91.8	3.7
	Harrisonburg, VA	✓		133,374	4.6	54,686	7.4	4,615	128.2	-	128.2	6.0
	Staunton, VA	✓		121,226	2.7	54,245	5.0	4,417	368.4	-	368.4	25.1



Source: SNL Financial; Bureau of Economic Analysis
 (1) Deposits and deposit market share data is as of 6/30/2016
 (2) GDP is for the year ended 12/31/2015

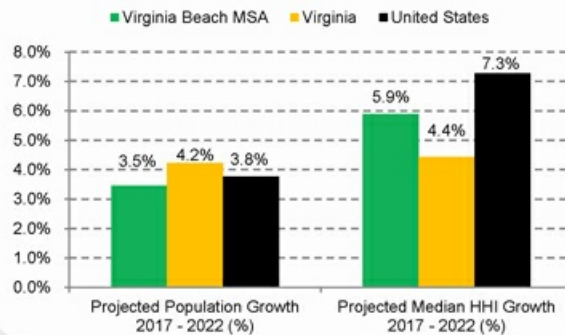


Hampton Roads Market Highlights

Hampton Roads Market Overview

- The Hampton Roads market is roughly defined as the Virginia Beach Metropolitan Statistical Area (MSA)
- It is recognized as the 33rd largest MSA in the United States, eighth largest metro area in the Southeast United States and the second largest between Atlanta and Washington, DC
- It is the second largest in Virginia, with a total population of 1.7 million people
- It is a vibrant, Mid-Atlantic region with a skilled workforce, world-class port facilities and a diverse economy
- The region boasts presence of 155+ international companies, a 50 foot shipping channel and 128 million consumers within one day's drive
- 120,000 active duty, reserve and civilian military / defense personnel and 838,400 person civilian labor force, 91% with a high school diploma or higher
- Home to three Fortune 500 Corporations
- Hampton Roads is the mid-Atlantic leader in U.S. waterborne foreign commerce and is ranked second nationally behind the Port of South Louisiana based on export tonnage
- Total C&I businesses ⁽¹⁾: 9,126

Demographics



Companies Headquartered in the Area



Source: SNL Financial; Hampton Roads Chamber of Commerce; Hampton Roads Economic Development Alliance
 (1) Includes companies in the Virginia Beach MSA with NAICs as Healthcare and Social Assistance, Wholesale Trade, Manufacturing or Transportation and Warehousing.



Achieves 2017 Priorities for Union

Diversification

- Loan portfolio
- Revenue streams



- Lowers CRE concentration and increases C&I portfolio
- Adds dedicated C&I team in Northern Virginia and significant C&I opportunity in Hampton Roads and Raleigh

Core Funding

- Pace loan growth with deposit growth
- Target 95% loan to deposit ratio over time



- Lowers loan to deposit ratio to 97%
- Adds meaningful retail presence in Hampton Roads
- Expands commercial deposit base and opportunity

Efficiency

- Drive efficiency ratio to <60%
- More revenue + lower cost structure



- Efficiency ratio expected to be below 60% after cost savings are realized

\$10 billion Asset Crossing



- Finalize preparations in 2017



- Efficiently crosses from a financial perspective
- Infrastructure build out substantially complete



Transaction Structure and Key Terms

			Combined ⁽¹⁾
Total assets	\$8,670	\$3,199	\$11,869
Loans held for investment	6,554	2,357	8,911
Total deposits	6,617	2,620	9,237
Market capitalization ⁽²⁾	1,378	621	1,999
Branches	113	42	155

- Consideration⁽²⁾**
- \$701 million in diluted transaction value
 - Fixed exchange ratio of 0.9354x of a share of UBSH for each share of XBKS common stock
 - 100% stock
 - Outstanding in-the-money options and U.S. Treasury warrants to be cashed out at closing
 - Remaining in-the-money warrants to be converted into UBSH warrants at closing

- Pro Forma Ownership**
- 67% UBSH / 33% XBKS

- Executive Management**
- John C. Asbury – President & Chief Executive Officer
 - T. Gaylon Layfield – Executive Vice Chairman (for a transitional period)
 - Robert M. Gorman – Executive Vice President and Chief Financial Officer

- Board of Directors**
- Two Xenith representatives to join the combined company board of directors

- Anticipated Close**
- First quarter of 2018, subject to customary regulatory and shareholder approvals



Note: Financial data as of 3/31/2017, unless otherwise noted
Dollars in millions

(1) Combined represents the sum of UBSH and XBKS data and excludes any purchase accounting marks or merger adjustments

(2) Based upon closing prices as of 5/19/2017



Key Assumptions

Credit Mark	<ul style="list-style-type: none"> Gross loan credit mark of approximately 1.5%, or \$37 million
Deferred Tax Asset	<ul style="list-style-type: none"> No write-down of deferred tax asset required under current federal corporate tax rate of 35% Under a 25% federal corporate tax rate the deferred tax asset would be written down by ~\$42 million
Revenue Enhancements	<ul style="list-style-type: none"> Identified revenue opportunities, but none assumed in financial model
Cost Savings	<ul style="list-style-type: none"> Expected to be approximately \$28 million pre-tax (fully phased-in) <ul style="list-style-type: none"> ~40% of XBKS' 2018 estimated noninterest expense 80% realized in 2018, 100% annually thereafter
\$10 Billion Crossing Impact	<ul style="list-style-type: none"> Pre-tax impact ~\$11 million annualized, beginning third quarter 2019
Merger & Integration Costs	<ul style="list-style-type: none"> Expected to be approximately \$33 million after-tax
Other Adjustments	<ul style="list-style-type: none"> Core deposit intangible of 1.50% (\$26 million) assumed on non-time deposits, amortized sum-of-years'-digits over 10 years Borrowings write-up of \$9 million
Federal Corporate Tax Rate	<ul style="list-style-type: none"> 35%



Estimated Pro Forma Financial Metrics

Key Transaction Impacts to UBSH ⁽¹⁾			
Federal Corporate Tax Rate:	35%	25%	15%
2018E & 2019E EPS Accretion	Accretive	Mid single-digit	Mid single-digit
IRR	> 20%	> 20%	> 20%
Initial Tangible Book Value Impact	Accretive	Minimal Dilution	Mid single-digit Dilution
Tangible Book Value Earnback Period	None	2.00 years	3.75 years

Pro Forma at Close			
Federal Corporate Tax Rate:	35%	25%	15%
Capital Ratios			
TCE/ TA	9.2%	8.9%	8.5%
Leverage Ratio	9.6%	9.5%	9.4%
Common Equity Tier 1 Ratio	9.7%	9.5%	9.3%
Tier 1 Ratio	10.8%	10.7%	10.5%
Total Risk-Based Ratio	12.6%	12.5%	12.3%
Loan Concentration Ratios ⁽²⁾			
C&D / Total Capital	83%	84%	85%
CRE / Total Capital	296%	300%	303%



(1) Estimated financial impact is presented solely for illustrative purposes using mean analyst estimates. Includes purchase accounting marks and deal related expenses
 (2) Projected bank level total capital



Comprehensive Due Diligence and Preparation

Thorough Due Diligence Process

- Engaged third party resources for Credit, Tax and Legal diligence
- Credit diligence
 - Reviewed 50% of all outstanding commercial loan balances
 - Reviewed 74% of all commercial loans risk-graded special mention or worse
 - Reviewed 78% of all commercial classified loan balances
- Additional diligence in areas of
 - Retail / marketing strategy
 - Commercial segment
 - Marine finance
 - Finance / accounting
 - Risk management
 - IT / bank operations
 - Human resources

Deferred Tax Asset

- Tax advisors completed thorough analysis on Xenith's \$154.9 million deferred tax asset
 - Expect no impairment of Xenith's deferred tax asset due to Section 382
 - Anticipate up to \$42 million write-off under an assumed federal tax rate of 25%

Crossing \$10 Billion

- Union has been preparing to cross \$10 billion in assets since 2014
- Merger will help defray the incremental regulatory expenses over a larger earnings and asset base
- Expect Durbin impact on interchange fees starting July 1, 2019
- Expect first DFAST submission by July 31, 2019

Capital Plan

- Pro forma company to remain "well capitalized"
- C&D and CRE loan concentration ratios anticipated to remain in-line with current ratios



Crossing \$10 Billion

- Union has been preparing to grow through \$10 billion in assets since 2014
 - Union has invested approximately \$5 million pre-tax annual run rate in people, systems and infrastructure in IT, Enterprise Risk and DFAST (Dodd Frank Stress Test)
 - Accelerates Union's growth over \$10 billion in assets by one year
 - Organic growth: Mid 2019
 - With this transaction closing: Q1 2018
 - Based on a Q1 2018 closing of the transaction, Union expects its reporting timeline to be as follows:

▪ "As-of" date for first stress test	December 31, 2018
▪ First stress test reporting date	July 31, 2019
▪ First public disclosure	October 15-31, 2019

- Durbin amendment
 - The Durbin amendment will limit the combined company's fees charged to retailers for debit card processing
 - The limit will go into effect on July 1st following the year in which the combined company reports \$10 billion in assets as of December 31st
 - Based on a Q1 2018 closing of the merger, the combined company expects the impact to begin on July 1, 2019, which is one year earlier than previously expected on a standalone basis



Summary

- ✓ **Creates Virginia's preeminent community bank with more than \$12 billion in pro forma assets at closing**
- ✓ **Enhances presence in key markets and provides a platform for future growth**
- ✓ **Financially attractive transaction for all shareholders with conservative assumptions**
- ✓ **Proven track record of successful conversions and integrations at both companies**

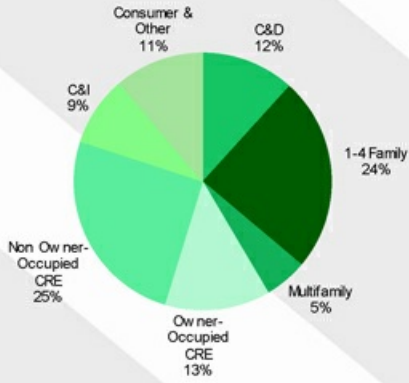


Appendix



Pro Forma Loan Portfolio

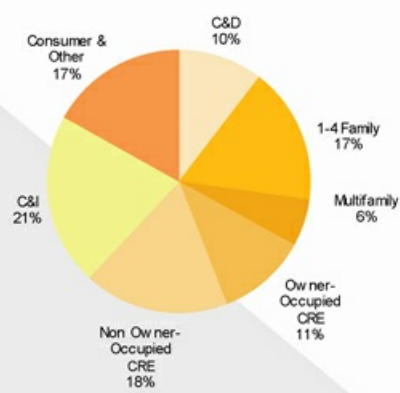
UBSH



Total Loans: \$6,574

Yield on Total Loans: 4.29%

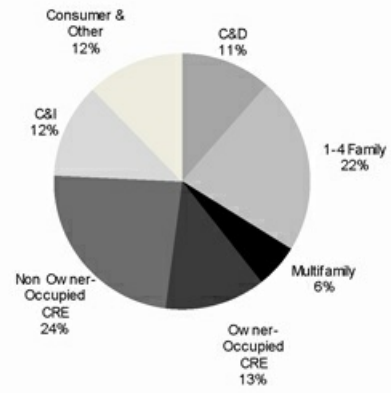
XBKS



Total Loans: \$2,357

Yield on Total Loans: 4.59%

Pro Forma ⁽¹⁾



Total Loans: \$8,931

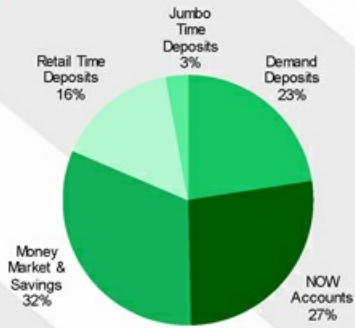


Source: SNL Financial
Dollars in millions
Data as of or for the three months ended 3/31/2017
(1) Excludes purchase accounting adjustments



Pro Forma Deposit Composition

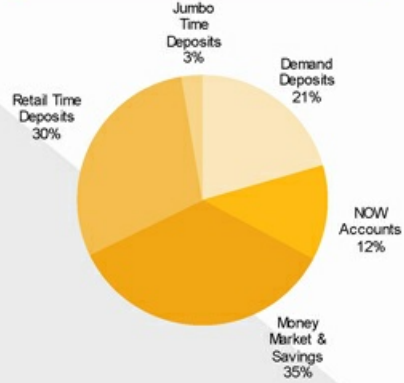
UBSH



Total Deposits: \$6,617

Cost of Total Deposits: 0.32%

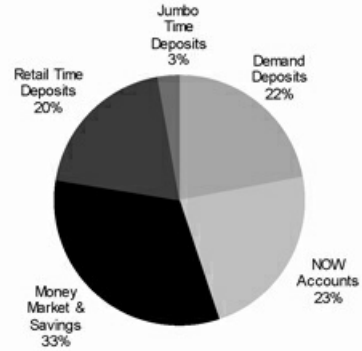
XBKS



Total Deposits: \$2,620

Cost of Total Deposits: 0.61%

Pro Forma ⁽¹⁾



Total Deposits: \$9,237

Pro Forma
Loans / Deposits: 97%



Source: SNL Financial
Dollars in millions
Data as of or for the three months ended 3/31/2017
Note: Jumbo time deposits defined as time deposits greater than \$250,000
(1) Excludes purchase accounting adjustments

